



State Senator Darwin L. Boohar
Senate Banking & Financial Institutions Committee Chair
520 Farnum Bldg.
Lansing, MI

September 25, 2012

Dear Chairman Boohar:

The Michigan Foreclosure Task Force (MFTF) enthusiastically supports SB 1172 extending Michigan's 90-Day Pre-Foreclosure Negotiation Law for two more years through December, 2014. The "90-Day Law" has helped thousands of Michigan families get current on their mortgages, stay in their homes and avoid the foreclosures that continue to devastate neighborhoods and communities, drag down the housing market and slow Michigan's economic recovery.

Michigan is among a handful of states across the country hardest hit by the foreclosure crisis. To date, Michigan has suffered:

- A. \$63 billion loss in property value between 2006 and 2010
 - B. 416,000 foreclosure filings between 2005 and 2010
 - C. Increase of 211,000 vacant homes between 2000 and 2010 Censuses
- www.cridata.org/michiganforeclosuretaskforce

And the crisis continues. Since 2010, Michigan has suffered roughly 60,000 foreclosures a year with over a third of Michigan homeowners "under water" – owing more on their loan than their home is currently worth.

The best way to prevent a foreclosure is to require that the lender meet with the homeowner to see if together they can come up with an alternative to foreclosure. Yet 50% of homeowners throughout the nation never contact their lender during the foreclosure process. Michigan's 90-Day Law requires this meeting and directs at-risk homeowners to free certified foreclosure prevention counselors. Free Certified foreclosure mitigation counseling and legal services have proven to be the most cost-effective means we have of preventing foreclosures. Specifically:

- A. A 2011 nationwide study by the Urban Institute found that foreclosure counseling nearly doubles chances of mortgage modification.
- B. The same study found that homeowners receiving counseling were more than two-thirds more likely to remain current on their mortgages after curing a serious delinquency or foreclosure than those who did not.

A survey of these counselors and legal service attorneys in July of 2012 indicated that 89% of respondents believe that Michigan's 90-Day Pre-Foreclosure Negotiation Law has had a positive impact and should be extended for up to 3 years. Prior to the 90-Day Pre-Foreclosure Negotiation Law, at-risk homeowners were rarely able to get through to their lenders to discuss alternatives to foreclosure. In the same survey referenced above, 60% cited an increase in the past 12 months in the proportion of their clients able to prevent foreclosure through negotiations with their lenders.

Again, The Michigan Foreclosure Task-Force (MFTF) enthusiastically supports SB1172 extending Michigan's 90-Day Pre-Foreclosure Negotiation Law for two years through 2014 and we look forward to continuing to work together on the critical issue of foreclosures in Michigan.

Respectfully,

Neeta Delaney, Director
Michigan Foreclosure Task Force
Email: delaney@cedam.info
Cell: (517) 937-0795